

**Funding Commitment Adjustment Report
Form 471 Application Number: 964508**

Funding Request Number:	2621204
Services Ordered:	TELCOMM SERVICES
SPIN:	143030857
Service Provider Name:	ENA Services, LLC
Contract Number:	2-225071-00
Billing Account Number:	Scott County Video
Site Identifier:	128350
Original Funding Commitment:	\$9,720.00
Commitment Adjustment Amount:	\$9,720.00
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date:	\$6,480.00
Funds to be Recovered from Applicant:	\$6,480.00
Funding Commitment Adjustment Explanation:	

We have completed our review of the competitive bid process conducted by the Sweetwater City School District Consortium that utilized Funding Year (FY) 2013 FCC Form 470# 283390001111946. Scott County School System is listed as a member of the Sweetwater City School District Consortium and also relied upon FCC Form 470# 283390001111946 in awarding services to ENA Services, LLC (ENA) in FY2013, FY2014 and FY2015. Based on our review, we have determined that no valid contract exists between Sweetwater City School District Consortium and ENA. When asked to produce a copy of the related contract, Sweetwater provided a contract between Metropolitan Nashville Public Schools (MNPS) and ENA (Contract Number 2-225071-00) that was signed and executed on March 7, 2011. During this review, Sweetwater also stated "the cost proposals [from AT&T and ENA] to the Sweetwater bid were lower than the cost proposed in the previous consortium procurement with MNPS." Sweetwater ultimately selected MNPS pricing instead of executing a contract with ENA based on the lower pricing offered to Sweetwater. Thus, there was no contract between Sweetwater City School District Consortium and ENA to provide to USAC demonstrating that Sweetwater selected the most cost effective solution. The FCC Form 470 issued by Sweetwater City School District Consortium, FCC Form 470# 283390001111946, was issued on 1/29/13 and had an Allowable Contract Date (ACD) of 2/26/13. Sweetwater City School District Consortium also issued Request for Proposal (RFP) # 13-1 in conjunction with the posting of the FCC Form 470. Thus, the bidding process conducted by Sweetwater City School District Consortium is independent of the bidding process established between Metropolitan Nashville Public Schools and ENA. Moreover, there is no provision in the Metropolitan Nashville Public Schools contract with ENA, or in the underlying RFP and ENA bid proposal, that allows for the Sweetwater City School District Consortium to piggy-back onto that contract. This contract was established prior to the ACD of the Form 470 issued by the Sweetwater City School District Consortium. Therefore, Sweetwater City School District Consortium failed to establish that a valid contract exists between Sweetwater City School District Consortium and ENA and all FRNs that utilized this FCC Form 470# 283390001111946 are denied. Consequently, FY2014 FCC Form 964508 FRN 2621204 and any future funding requests that reference FCC Form 470# 283390001111946 are denied and any commitments will be rescinded in full and USAC will seek recovery of any improperly disbursed funds from the applicant.

Based on the documentation provided and reviewed, we determined that Sweetwater Consortium did not choose the most cost-effective bid offering. ENA Services, Inc. (ENA) and AT&T submitted bids to provide E-rate services. Sweetwater selected ENA to provide its E-rate services. ENAs bid proposal was \$9,336,396, \$3 million more than AT&Ts \$6,053,804.04 bid. USAC evaluated Sweetwaters competitive bidding process and the services requested and determined that the applicant did not select the most-cost effective offering. Sweetwater awarded maximum points or near maximum points to ENA in all categories besides eligible cost. Sweetwater

scored AT&T lower in the categories that are not eligible cost of goods and services. Sweetwater was also afforded an opportunity to explain if special circumstances existed that influenced its selection decision. Sweetwater stated AT&T's bid had "defects" and provided "incomplete and/or inadequate responses which "had the cumulative effect of offsetting the value of a lower sticker price." Sweetwater also stated they had a "lack of confidence in ATTs ability to deliver the services requested by the RFP" and indicated "the bid team clearly determined that ATTs bid was deficient and therefore, scored the RFP consistent with that determination." Sweetwater acknowledged that the price differential is "significant." Lastly, Sweetwater indicated that ENAs service offering was unique and was not comparable to AT&T services. A thorough review of the bids provided by ENA and AT&T shows that the bids are similar in the services offered. The Managed Internet Access service, Managed VoIP, and Managed Video Conferencing services offered by both of the services providers in their bids contain similar Network infrastructure, similar Network Support, similar On Premise Network Equipment, similar Monitoring Service, both have similar experience and operate in Tennessee, both have extensive experience with the e-rate program, and both service providers provided references from past customers who were satisfied with the service providers. The circumstances presented by Sweetwater do not justify the selection of a bid over \$3 million more than a competing bid and it has been determined that Sweetwater failed to adhere to the requirements that applicants select the most cost-effective bid offering; therefore, all FRNs that relied upon FCC Form 470# 283390001111946 and its competitive bid process in the award of services to ENA are subsequently denied. Consequently, FY2014 FCC Form 964508 FRN 2621204 and any future funding requests that reference FCC Form 470# 283390001111946 are denied and any commitments will be rescinded in full and USAC will seek recovery of any improperly disbursed funds from the applicant.

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